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FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FLM 1-50

March 20, 1950

ARGENTINE CATTLE SITUATION 1/

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SUMMARY

The Argentine cattle situation has been affected materially by a severe drought which caused excessive marketing of unfinished cattle and large exports of frozen meat. If the drought continues, there will be continued heavy marketings with compensating reductions occurring in the latter part of 1950. However, rains during the first part of March are reported to have aided pasture recovery and normal land preparation is now possible in the drought area.

The number of cattle in Argentina as of January 1, 1950 was estimated at approximately 42 million head, a slight increase over the 1947 census figure of 41 million head. No further increase is expected in 1950 and a decline is likely if the drought continues.

In 1949, the total slaughter of cattle reported by packers and municipal slaughterhouses was 4.65 million head, about the same as during 1948. Meat output, however, was slightly less because of the heavy slaughter in late 1949 of thin, unfinished cattle. Total utilization of cattle for all purposes, including unreported slaughter, but excluding live exports, is believed to have been approximately the same as in 1948.

1/ Based on a report by George J. Dietz, American Embassy, Buenos Aires.

Exports of all meat, principally beef to the United Kingdom, have been maintained at a relatively high level and may be expected to reach approximately 400,000 long tons, (896,000,000 pounds) during the first year of the Anglo-Argentine Agreement ending June 30 of this year. Total shipments of refrigerated beef to all destinations during the calendar year 1949 were placed at 332,387 metric tons (732,780,000 pounds) actual weight. There was an increase during 1949 to the United Kingdom and a slight increase in quantity exported to the European continent. Exportation to neighboring countries in the form of live cattle decreased during the year.

Cattle prices in Argentina dropped sharply in mid-November 1949 because of the heavy drought marketings and have not appreciably recovered to date. To alleviate market congestion the government recently authorized the conversion of any grade cattle into frozen meat for export as an emergency measure to absorb the heavy flow of cattle coming to the market.

NUMBERS

Cattle numbers on January 1, 1950, according to a tentative estimate, were approximately 42 million head, based on indications of a moderate increase above the 41 million head enumerated by the census of 1947. This estimate is the general consensus, but there are some reliable sources whose current figures range between 40 million and 43 million head. The principal factor indicating an increase is the diversion in the use of land away from grain and toward beef and dairy cattle which has occurred since 1947. Also, the continued high rate of cattle marketing and slaughter supports the belief that cattle numbers are sufficiently high to support the present market.

The present cattle population is believed sufficient to provide a little over 9 million head annually for slaughter, enabling production slightly under 4,400 million pounds of beef, carcass weight equivalent. Assuming consumption of 3,300 million pounds, there could be expected perhaps 992 million pounds available for export, carcass weight equivalent, which checks fairly well with the movement out of Argentina in 1949.

PASTURE CONDITIONS

Stockmen in recent months have experienced one of the most serious droughts in the history of the Argentine cattle industry. The general lack of rain extends from the dairy zones in the north through the primary western fattening belt to cattle and sheep pastures in southern Buenos Aires province. Rainfall in most of the western zones has been 50-70 percent below normal years. Southern pastures around Mar del Plata and Tandil in the Buenos Aires province are somewhat better. Lack of adequate alfalfa or natural grass pastures, coupled with short stocks of hay, are forcing many growers to liquidate all but foundation breeding stock. Terminal markets during December and January were glutted with half-finished cattle. Some growers had reserves of ensilage, (usually stored in underground silos) but these supplies are small and of only temporary value. Cattle also are being turned into drought-afflicted corn which is of little value for grain.

Pastures in western Buenos Aires province and La Pampa territory were hardest hit. Many herds are being moved to southern pastures and some have been transferred to the northern part of Santa Fe province. However, rains during the first of March have enabled pastures to show some recovery and land preparation is now possible.

In early February the government took steps to assist livestock producers by announcing that forage grains would be sold to cattle producers at reduced prices through Instituto Argentino de Promocion del Intercambio (IAPI), more commonly known as the Argentine Trade Promotion Institute. Corn, oats and rye are to be sold through the Bank of the Nation at prices lower than the free market prices in the producing areas. Special loans without fixed maximums will also be granted for the purchase of forage grains and for payment of freight to transport cattle to better grazing areas.

If adequate rain comes, an immediate effect will be the retention of cattle for fattening with a consequent decline in marketings. If March rains are inadequate, the Argentine cattle industry will undoubtedly suffer damage of a more permanent nature. Herd liquidation will continue and some foundation and breeding stock may be sacrificed.

The dry weather virtually eliminated threat of serious grasshopper (tocura) invasions in western Buenos Aires province. In late 1949 many cattle growers requested government aircraft with dusting equipment to assist in controlling the insects.

MARKETING

The heavy marketing of cattle at present and the poor condition of pastures indicate that cattle numbers will not be increased in 1949 and very likely may fall below the present level.

Direct shipment to packers and receipts at Liniers Market during 1949 were 4,401,245 cattle, compared with 4,395,458 head in 1948. The increase was very small notwithstanding curtailment of live cattle exports and the effect of drought. The normal late summer liquidation of old cows and bulls was somewhat earlier this year than usual because of inadequate pastures.

Cattle purchases on estancias (ranches) during 1949 fell to 892,201 head, compared to 915,496 in 1948. The important terminal market at Liniers continued to be the principal outlet during the greater portion of 1949, with receipts being 3,509,044 head in contrast with 3,389,962 head in 1948. However, a price slump of 20 percent last November at Liniers substantially stepped up direct sales to packers. Direct shipments from estancias to frigorificos continued relatively large after the mid-November price break, with about 45,000 more cattle being sold last December than during December 1948. Daily marketings at Liniers in early February of this year were averaging consistently about 20,000 head. According to reliable sources, slaughter schedules ^{were} booked until mid-March due to unusually large liquidations.

PRICES

The United Kingdom guarantee under the Anglo-Argentine agreement against currency devaluation expired on January 17, 1950, and the whole question of future export prices for beef is open at the present time. The Argentine Government is demanding an increase of at least 30 percent above the base price of 97.536 pounds sterling per long ton, or approximately 12.4 cents per pound, but the United Kingdom Government is maintaining that the Argentine exchange rate is unrealistic and that no increase in pounds sterling can be paid for Argentine beef. Negotiations have been resumed but are expected to be long, with both sides refusing to make concessions. There is a general opinion that an increase, at least in the peso equivalent for export meat, and higher cattle prices will become essential during 1949 to maintain the cattle industry.

Cattle prices at Liniers decreased 20 percent in mid-November 1949 and have not appreciably recovered to date. Current market prices are averaging well under the 8.8¢ per lb. basic price established for export cattle under the official system of carcass grading. Although the price drop can be attributed in part to increased marketings precipitated by the drought, many cattle breeders suspect that buyers are influenced to control Liniers' prices and thus keep quotations for domestic consumption cattle in line with the prices established for export cattle.

Prices soared to record levels during the July-October period in the Liniers Market. These unparalleled high prices created somewhat of a difficult situation for the government, as both the municipal slaughterhouse and exporting packers are officially subsidized. The government was largely responsible for the upward price spiral as they were not only paying for the losses occurred in the slaughter for domestic consumption, but were at the same time absorbing the exporting packers' deficits. Cattle buyers operating with a relatively free hand consequently bid prices up to record levels.

SLAUGHTER

Although cattle marketings during 1949 were about on a par with 1948, the meat yield was somewhat less. Total output of beef at packing plants in 1949 is calculated at 2,252,233,000 pounds compared with 2,269,627,000 pounds for the previous year. Late November and December slaughter of thin, half-finished cattle contributed to make the total 1949 meat yield less than during 1948. The trend to market stock at lighter weights continued during the past year despite a liberal premium paid for steers of 1,168 pounds. Severe penalties for steers exceeding 1,168 pounds caused many fatteners to avoid bringing animals up to this weight, as numerous packer strikes during 1949 caused serious delays in slaughtering schedules. Such delays forced retention of many steers already at 1,168 pounds resulting in late marketing of the lots at weights considerably above the 1,168 pounds or "optimum weight" limit, placing them in a lower pricing bracket.

Semi-official statistics indicate that 3,509,044 head marketed through Liniers weighed about 2,690,000,000 pounds, or roughly an average of 772 pounds per head. Assuming a 60 percent dressed yield, the average dressed weight of all cattle marketed through this agency was about 463 pounds.

Principal export frigorificos and meat factories accounted for 1,560,143,000 pounds of beef during 1949, compared with 1,573,608,000 pounds for the same period the previous year, while the government-owned municipal slaughterhouse yield decreased from 696,019,000 pounds in 1948 to 692,090,000 pounds in 1949.

Table 1-Commercial meat production during 1948 and 1949,
with 1938 comparisons

Establishment	1938	1948	1949
	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Central frigorificos and meat factories	1,834,950	1,573,608	1,560,143
Municipal slaughterhouse	635,024	696,019	692,090
Total	2,469,974	2,269,627	2,252,233

Source: Trade information.

CONSUMPTION

Beef consumption in Argentina during 1949 is tentatively estimated at approximately 3,300 million pounds, or about 198 pounds per capita. The slight increase from an earlier estimate of 3,200 million pounds for 1948 is based on the high level of purchasing power and the relatively low cost of meat compared to other foods.

In an effort to reduce the slaughter at the municipal slaughterhouse, the mayor of the city of Buenos Aires recently announced that fresh meat may be brought into the federal capital by private persons or firms interested in the sale thereof, after due inspection by sanitary authorities 1/. Penalties for clandestine sales were also established.

EXPORTS

Deliveries of frozen meat of all types for shipment to the United Kingdom during November, December and January amounted to 55,000,000 pounds, 57,000,000 pounds, and 91,000,000 pounds, respectively, and 88,000,000 pounds were expected in February. According to reliable sources, total deliveries under the new Anglo-Argentine agreement were about 529,000,000 pounds as of January 31, 1950.

1/ Sale of meat previously was restricted to the municipal slaughterhouse and packer distributors.

Total export of frozen and chilled beef, including offals, during the calendar year 1949 amounted to 782,058,000 pounds, of which 571,069,000 pounds were lifted by the British. During the previous year, total exportation reached 627,983,000 pounds, with British shipments amounting to only 453,954,000 pounds. Early 1949 shipments of beef and offals to the continent were strong but tapered toward the end of the year. During 1949 the Dutch, Peruvian and Italians were the next largest takers, moving 56,971,000 pounds, 32,760,000 pounds and 24,568,000 pounds of beef, respectively.

Table 2.-Export to the United Kingdom and other destinations of frozen and chilled beef, including offals, for 1949, with comparison

Type	1938			1948			1949		
	United Kingdom	Others	Total	United Kingdom	Others	Total	United Kingdom	Others	Total
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Frozen & chilled:									
beef	781,709	199,684	981,393	413,345	168,630	581,975	530,299	202,481	732,780
Beef									
offal	57,104	7,347	64,451	40,609	5,399	46,008	40,770	8,508	49,278
Total	838,813	207,031	1,045,844	453,954	174,029	627,983	571,069	210,989	782,058

Source: Trade Statistics.

A sale in January 1950 of 6,600,000 pounds of boneless beef and 440,000 pounds of liver was made to Sweden. Packers state that about 60 percent will be lifted by mid-February.

Shipment of corned beef and other canned meat products to the United States and other outlets during 1949 dropped well below the previous year. The January-December total of corned beef and roast beef to the United States amounted to only 40,000,000 pounds (gross weight) compared with 128,000,000 pounds in 1948. United Kingdom liftings increased somewhat as around 62,000,000 pounds (gross weight) were shipped during 1949 compared with 40,000,000 pounds in 1948. According to reliable sources, the total 1949 exportation of canned corned beef and other beef specialties amounted to only 101,603,000 pounds. (net)

In an effort to stimulate the exportation of canned meat products, the 20 percent export commission collected by the IAPI on canned corned beef and the 7.5 percent margin on roast beef were removed in early November. The current f.o.b. price which IAPI permits the exporters to quote on corned beef is \$11.00 U. S. per case of 48/12 oz. tins—a reduction from \$12.00 U. S. Local packers are optimistic that export of Argentine canned corned and roast beef can be substantially increased next year and are particularly interested in moving sizable quantities for the summer market in the United States.

The Dutch West Indies continued in 1949 to be the leading buyer of salted beef, taking 50 percent of the total export of 1,764,000 pounds. Over 3,086,000 pounds of salted beef were exported by Argentina during 1948.

Table 3.-Argentine exports by types, destinations and quantities of refrigerated beef 1/ and offal - 1948 and 1949

Destination	Beef		Beef offal	
	1949	1948	1949	1948
	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds
United Kingdom	530,299	413,345	40,770	40,609
Holland	56,971	21,228	351	70
Peru	32,760	24,173	1,186	549
Italy	24,568	4,425	1,488	245
Belgium	19,837	11,283	1,102	1,301
Germany	14,440	8,111	2,244	697
Venezuela	11,554	17,716	-	-
Spain	9,824	56,250	-	-
Switzerland	9,764	5,038	302	256
Sweden	6,792	-	498	-
Palestine	6,133	4,793	-	-
Japan	4,725	-	121	-
Greece	1,490	4,043	-	-
United States Possessions <u>2/</u>	1,032	527	-	1,003
Spanish Possessions	915	-	-	-
Philippines	675	353	492	249
Panama	622	503	280	368
Dutch Possessions <u>2/</u>	366	871	317	304
British Possessions <u>2/</u>	13	403	13	218
United States	-	-	9	-
Brazil	-	-	84	51
Denmark	-	-	20	-
Czechoslovakia	-	7,255	-	-
Morocco	-	862	-	-
Indochina	-	679	-	-
France	-	117	-	88
Total	732,780	581,975	49,277	46,008

1/ Includes chilled, frozen, boneless, bone-in, actual weight only.

2/ Possessions in the Western Hemisphere.

Table 4.-Argentine canned corned beef and other
beef specialties exports - 1949

Destination	Canned corned beef	Other specialties
	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Arabia	5	-
Belgium	1,338	622
Bolivia	68	-
Canada	4,447	198
Dominican Republic	2	-
Germany	370	498
Greece	11	-
Holland	-	55
Italy	4,389	1,014
Japan	2	-
Mexico	26	11
Norway	18	13
Panama	108	22
Peru	9	9
Philippines	441	16
Spain	9	-
South Africa	5	7
Switzerland	117	62
Sweden	-	24
United Kingdom	50,148	2,425
United States	15,573	12,718
Venezuela	1,228	1,025
Various countries	4,169	401
Total	82,483	19,120

Total 1949 exportations of Tallow, Primer Jus, Stearine and Red Oil were 51,643,000 pounds, 25,086,000 pounds, 1,942,000 pounds and 119,000 pounds, respectively.

Table 5.-Exportation of edible and inedible animal (beef) fat during 1948 and 1949

Type	:	1948	:	1949
	:	1,000	:	1,000
	:	<u>pounds</u>	:	<u>pounds</u>
	:		:	
Tallow	:	94,915	:	51,643
Primer Jus	:	37,659	:	25,086
Red Oil	:	1,442	:	119
Stearine	:	467	:	1,942
	:		:	
Total	:	134,483	:	78,790

Source: "Resumen Mensual de Exportación de Frutos del Pais."

In late January the National Economic Council announced that the 1950 quota for export cattle on the hoof to neighboring countries will be 257,000 head. This total is considerably greater than the 1949 live export of 102,000 head but less than the 1948 movement of 400,000 cattle. Most of the exports will be heavy steers. Cows must be over 8 years of age before export permits can be granted.

Table 6.-Export quotas for live cattle in 1950

Country	:	Cattle numbers
	:	
Bolivia	:	37,000
Paraguay	:	80,000
Chile	:	
1. By Mendoza	:	50,000
2. By Las Cuevas	:	90,000
	:	
Total	:	257,000 head

Source: National Economic Council Press Release.

Export deliveries are currently high but for the year as a whole the quantity of meat available for that purpose will probably be below 992 million pounds because of the unfinished condition of animals. The 1950 exports are forecast to be no larger than in 1949 and possibly may fall somewhat. Similarly, the outlook for the next several years is for a moderate fall in beef exports because of probable reduction in cattle numbers and continued high level of domestic consumption.

